

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF AQUA CORPORATION)	
FOR AN EXPEDITED ORDER GRANTING A)	
CERTIFICATE OF CONVENIENCE AND)	CASE NO.
NECESSITY AND APPROVING FINANCING.)	89-307
IN THE ALTERNATIVE, A REQUEST FOR)	
AN ORDER DECLARING THE PROJECT TO)	
BE IN THE ORDINARY COURSE OF BUSINESS)	

O R D E R

On October 26, 1989, Aqua Corporation ("Aqua") filed an application for a Certificate of Public Convenience and Necessity to make improvements to its water distribution system and for approval of its plan of financing for this project. In the alternative, Aqua requested that the project be considered in the ordinary course of business to eliminate the need for a certificate filing. On December 7, 1989, the Commission issued an Interim Order finding that Aqua's proposed construction does not require a Certificate of Public Convenience and Necessity because it should be considered in the ordinary cause of business. The Commission in the Interim Order also requested additional information in order to adequately address the proposed financing of the project. On December 5 and December 13, 1989, Aqua filed the requested information, and the proposed financing is addressed in this Order.

Aqua proposes to finance the construction project with a \$150,000 line of credit loan from Liberty National Bank and Trust

Company. The loan would be payable in 40 quarterly installments of \$3,750 plus interest, with a rate of 10.92 percent for the first five years, at the end of which time the loan would convert to a floating rate of one-half of 1 percent in excess of Liberty's Index Rate or at a mutually agreeable fixed rate. The loan would be secured by a security interest in assets of the water system.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed financing by Aqua is for lawful objects within its corporate purposes, is necessary and appropriate for and consistent with the proper performance of its service to the public, and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Aqua be and it hereby is authorized to borrow \$150,000 for ten years, at 10.92 percent interest for the first five years and converted to a floating rate of one-half of 1 percent in excess of Liberty's Index Rate or at mutually agreeable fixed rates for the remaining five years. Upon conversion of the loan at the end of five years, Aqua shall file with the Commission a statement setting forth the new interest rate(s).

2. Aqua shall within 30 days after assumption of the indebtedness referred to herein, file with the Commission a statement setting forth the date of assumption of the indebtedness authorized herein, the proceeds, the interest rate, the lender, and all fees and expenses involved in the transaction.



3. Aqua shall agree only to such terms and prices that are consistent with said parameters as set out in its application.

4. The indebtedness authorized herein shall be used only for the lawful purposes set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the indebtedness authorized herein.

Done at Frankfort, Kentucky, this 8th day of January, 1990.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman

Commissioner

ATTEST:

Executive Director